

## Sheppard, Marian

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**From:** Teller, Darlene A <DTeller@azdor.gov>  
**Sent:** Wednesday, August 21, 2013 8:12 AM  
**To:** McDaniel, Don  
**Cc:** ODell, Linda; Hessenius, Jeff; Allison, Stacie; Sheppard, Marian; Rodriguez, Linda  
**Subject:** RE: Young School District tax rate and levy

ARS § 42-17005 applies only to a county, city or town, or fire district that receives a violation of exceeding their levy limit or truth in taxation limit. That situation is a one-time penalty and can be adjusted the following year. This provision does not apply to a school district that must not increase their tax rate above the amount levied in the previous year per ARS § 42-17151(C).

Young must not increase their tax levy above the tax rate they adopted in the previous year (or a tax rate of \$6.2008) per ARS § 42-17151. There is no provision in ARS § 42-17151 to set aside money in the following year to make this correction. This error also impacts the additional state aid to education calculation.

Furthermore, the school would be penalized for more than one year even if there were authority to make the correction next year. The reason for this is each year it is determined if a school district's rate meets the conditions of § 42-17151(C). Young Elementary has been under this limitation for the last three years. For tax year 2011, they could not exceed their tax year 2010 rate of \$6.2176. For tax year 2012, they could not exceed their tax year 2011 rate of \$6.2008. For tax year 2013, they are not able to adopt a tax rate greater than \$6.2008. To explain this situation say the tax rate of \$0.1735 were adjusted next year instead of correcting in the current year per § 42-17151(C), they would going forward be limited to \$6.0273 instead of the \$6.2008. But again, there is no provision in § 42-17151(C) to wait until next year to make this correction.

I will give you a call in a few minutes to discuss further.

*Darlene Teller*

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**From:** McDaniel, Don [<mailto:dmcdaniel@gilacountyaz.gov>]  
**Sent:** Tuesday, August 20, 2013 6:19 PM  
**To:** Teller, Darlene A  
**Cc:** ODell, Linda; Hessenius, Jeff; Allison, Stacie; Sheppard, Marian; Rodriguez, Linda  
**Subject:** Young School District tax rate and levy

Dear Ms. Teller:

We are planning to exercise the option under ARS §42-17005. A. (last line) "If the governing body receives the notice after it is too late to correct the levy in the current year, the difference between the amount actually levied and the allowable property tax levy shall be set aside in a special fund and used to reduce the property taxes levied in the following year".

We go to great lengths to make sure these rates and levies are accurate before we have our Board of Supervisors pass a resolution adopting them. We send copies of the draft rates and levies to DOR and the districts well ahead of the adoption date and expect that they are correct if we receive no response. In many cases we contact the taxing districts by phone or email to confirm their amounts.

Thank you for your understanding in this matter.

Sincerely,

*Don E. McDaniel, Jr.*

County Manager  
Gila County, Arizona

928.425.3231

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Wed Aug 21 2013 08:13:57

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